

**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, NOVEMBER 16, 2011
10:00 A.M.**

DIRECTORS PRESENT:

Terry Catlin, President
Michael Camacho, Vice President
Steven J. Elie, Secretary/Treasurer
Gene Koopman
Angel Santiago

STAFF PRESENT:

Thomas A. Love, General Manager
Craig Miller, Assistant General Manager
Martha Davis, Executive Manager of Policy Development
Patrick Sheilds, Executive Manager of Operations
Christina Valencia, Chief Financial Officer
Blanca Arambula, Deputy Manager of Human Resources
Kathleen Baxter, Supervising Contracts and Programs Administrator
Chris Berch, Manager of Planning and Environmental Compliance
Michael Chung, Manager of Fiscal Management
Gabe DeSaddi, Manager of Construction Management
Sondra Elrod, Administration and Public Affairs Officer
Randy Lee, Manager of Operations
Alex Lopez, Senior Financial Management Analyst
Mark Lopez, Training Officer
Craig Parker, Manager of Engineering
Ryan Shaw, Associate Engineer
Teresa Velarde, Manager of Internal Audit
April Woodruff, Board Secretary

OTHERS PRESENT:

Susan Barajas, Agency Temp
Jean Cihigoyenette, Cihigoyenette, Grossberg & Clouse
John Robinson, MWH

A regular meeting of the Board of Directors of the Inland Empire Utilities Agency* was held at the office of the Agency, 6075 Kimball Avenue, Bldg. A., Chino, California on the above date.

President Catlin called the meeting to order at 10:02 a.m., and he led the pledge of allegiance to the flag. A quorum was present.

President Catlin stated that members of the public may address the Board. There was no one desiring to do so.

President Catlin asked if there were any changes/additions/deletions to the agenda.

General Counsel Jean Cihigoyenette stated that there is one addition to the agenda that will have to be voted on. He stated that it involves a new litigation matter, Dezham vs. Inland Empire Utilities Agency, which was brought to our attention after the posting of the agenda. Mr. Cihigoyenette reported that the Agency received a complaint; which has not been formally served; however, he would like the opportunity to discuss this with the Board today.

Upon motion by Director Elie, seconded by Director Koopman, and unanimously carried:

M2011-11-6

MOVED, to add to the agenda under Closed Session, PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION – Dezhnam vs. Inland Empire Utilities Agency, Case No. CIVRS 1109761

INTRODUCTION OF NEW EMPLOYEES

Executive Manager of Operations Patrick Sheilds introduced the following new employee:

Mr. (James) Tyler Bryant, Operator I (11/01/11)

The Board of Directors welcomed Mr. Bryant to the Inland Empire Utilities Agency.

CONSENT CALENDAR

President Catlin asked if anyone wished to remove any item from the Consent Calendar. There was no one desiring to do so.

Upon motion by Director Santiago, seconded by Director Camacho, and unanimously carried:

M2011-11-7

MOVED, to approval of the Consent Calendar.

A. The Board approved the minutes from November 16, 2011, regular Board of Directors meeting.

B. The Board approved the check registers for the period of October 21, 2011, to November 3, 2011; Employees' Payroll for October 21, 2011; and Wire Transfers/ACH Payments for the period of October 21, 2011 to November 3, 2011.

C. The Board:

1. Awarded the construction contract for the CCWRF 12 kV Switchgear Repair, Project No. EN11032 to Delta Power, Inc. for their low bid of \$128,400; and
2. Authorized the General Manager to execute the construction contract.

D. The Board:

1. Accepted the work as performed by Doty Bros. Equipment Company as complete under the construction contract for the installation of PRV between 1158 and 1050/930 Pressure Zones, Project No. EN07010.01; and
2. Authorized the General Manager to execute the Notice of Completion.

Continued...

M2011-11-7, continued.

E. The Board:

1. Approved Contract Amendment No. 4600000105-005 with GK & Associates to perform project management services for capital improvement project for the not-to-exceed fee of \$161,675; and
2. Authorized the General Manager to approve the contract amendment.

F. The Board:

1. Adopted Resolution No. 2011-11-3, approving the application for grant funds from the California River Parkways Program; and
2. Authorized the General Manager or in his absence, any one of the following: Assistant General Manager, Chief Financial Officer, Executive Manager of Policy Development or the Executive Manager of Operations, to conduct all negotiations, execute and submit all documents, including but not limited to applications, agreements, and amendments, which may be necessary for the completion of the project.

RESOLUTION NO. 2011-11-3

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING THE INLAND EMPIRE UTILITIES AGENCY TO APPROVE THE APPLICATION FOR GRANT FUNDS FOR THE CALIFORNIA RIVER PARKWAYS GRANT PROGRAM UNDER THE SAFE DRINKING WATER, WATER QUALITY AND SUPPLY, FLOOD CONTROL, RIVER AND COASTAL PROTECTION BOND ACT OF 2006 (PROPOSITION 84) (For full text, see Resolution Book).

G. The Board:

1. Awarded a five-year contract to ValleyCrest for landscape maintenance services; and
2. Authorized the General Manager to execute the contract.

H. The Board:

1. Awarded a five-year contract to Pest Options, Inc. for weed control and abatement services; and
2. Authorized the General Manager to execute the contract.

Continued...

M2011-11-7, continued.

I. The Board:

1. Awarded the services contract to clean Digester No. 4 at Regional Plant No. 2 (RP-2) to Synagro-WWT, Inc., (Contract No. 46001088), for a not-to-exceed amount of \$330,000; and
2. Authorized the General Manager to execute the contract.

ACTION ITEM

DIFFERING SITE CONDITIONS, SOILS DISPUTE CHANGE ORDER FOR THE 1630 WEST RECYCLED WATER PIPELINE, SEGMENT B PROJECT NO. EN09003.01

Manager of Construction Management Gabe Desaddi gave a brief update on the 1630 West Recycled Water Pipeline Segment B, Soil Conditions Change Order.

General Manager Thomas A. Love added that this item was discussed a couple months ago in Closed Session and a change order was approved for \$200,000 to assist the contractor with cash flow for legitimate additional costs for unperceived conditions. He stated that this item was presented to the November 9, Finance, Legal and Administration Committee and the Engineering, Operations and Biosolids Management Committee, and staff is recommending that the Board approve a construction contract change order with MCC Equipment Rental (MCC) for \$685,840, which includes the prior change order amount of \$200,000.

Director Elie noted that the Agency should look for lessons learned and determine independently whether this type of situation could be avoided in the future.

Upon motion by Director Elie, seconded by Director Camacho, and unanimously carried:

M2011-11-8

MOVED, to:

1. Approve a construction contract change order with MCC Equipment Rental (MCC) from the 1630 West Recycled Water Pipeline, Segment B, Project No. EN09003.01, for \$685,840, which is inclusive of the prior change order in the amount of \$200,000 approved on August 17, 2011; and
2. Authorize the General Manager to execute the construction change order.

INFORMATION ITEMS

ACCOUNTS PAYABLE FOLLOW-UP AUDIT

Director Elie stated that he has read staff's report and noted that the report mentions staff does not submit timely reports, and some are not following protocol. He asked staff what actions are being implemented to correct the exceptions.

General Manager Thomas Love stated that several procedures are being considered, such as: training on the expense report policy will be provided to employees who regularly complete and

submit expense reports; making sure that staff who assist those in completing the expense reports, as well as the Accounts Payable staff, understand that they may inquire on the timeliness of submission and request additional information of senior employees; and staff will be reviewing re-evaluating and/or modifying policies, as deemed necessary.

THE FOLLOWING INFORMATION ITEMS WERE RECEIVED AND FILED BY THE BOARD:

FY 2011/12 FIRST QUARTER BUDGET VARIANCE AND PERFORMANCE GOALS UPDATES

REPLACEMENT OF CURRENT PAYROLL & HUMAN RESOURCES INFORMATION SYSTEMS

CONTRACTS AND PROCUREMENT QUARTERLY DEPARTMENT UPDATE

TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR SEPTEMBER 2011

PUBLIC OUTREACH AND COMMUNICATIONS

LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES, LLC

LEGISLATIVE REPORT FROM THE DOLPHIN GROUP

LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES

IEUA MONTHLY WATER NEWSLETTER

REVIEW OF THE AUDIT COMMITTEE AND INTERNAL AUDIT DEPARTMENT CHARTERS

FY 2010/11 AUDIT PROGRESS REPORT AND SIGNIFICANT FINDINGS

EXTERNAL AUDITORS MERGE WITH ANOTHER ACCOUNTING FIRM

INTERNAL AUDIT DEPARTMENT STATUS REPORT FOR NOVEMBER 2011

FY 2010/11 IEUA ANNUAL WATER CONSERVATION PROGRAMS REPORT

EMERGENCY REPAIR WORK ON COLUMN AND BEAMS AT IERCF, PROJECT NO. RA12008

CONSTRUCTION MANAGEMENT EXECUTIVE SUMMARY PRESENTATION

TURNER BASIN/GUASTI PARK PROJECT UPDATE

AGENCY REPRESENTATIVES' REPORTS

SAWPA REPORT

President Catlin reported that the SAWPA Commission meeting on November 15, was fairly routine in nature.

MWD REPORT

Director Camacho reported that Western, Eastern, and IEUA submitted a joint letter in support of additional language to the policy principles for a replenishment program and it was accepted by Metropolitan Water District (MWD).

General Manager Thomas A. Love report that approximately 9 years ago, MWD made available Tier I purchases under purchase orders. He stated that if an agency signed up for a purchase order, that agency could enter into a purchase order for 90% of the amount of firm service deliveries taken in the base period. If an agency did not execute a purchase order, the agency was still obligated to purchase 60% of the amount purchased in the base period. Mr. Love reported that the City of Compton signed up for a purchase order and redeveloped and enhanced their groundwater production capability. He stated that the City of Compton will not meet their purchase order obligations, and for a variety of considerations MWD Board did approve allowing the City of Compton to withdraw their purchase order, which brings up the question of Take or Pay contracts with the San Diego County Water Authority.

REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT

President Catlin reported that at the November Special Policy Committee there was discussion on the self-regenerating water softener ordinance and adopting the ordinance on a local level within a short timeframe for a stronger cohesive support impact.

CHINO BASIN WATERMASTER REPORT

Director Elie reported that there is an Advisory and Board meeting scheduled for November 17. He stated that Chino Basin Watermaster has appointed Dani Maurizio as Acting General Manager. He reported that the Replenishment Agreement issue is still on the table, and IEUA has received partial payment from CB Watermaster for the 5,000 – 6,000 acre feet.

GENERAL MANAGER'S REPORT

The General Manager's Report was received and filed by the Board.

Executive Manager of Policy Development Martha Davis provided an update on the attempts for water softener legislation.

General Manager Thomas A. Love reported that he attended the Potable Reuse Conference in Florida, and he made a presentation on energy optimization and energy reuse.

BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

There were no future agenda items requested by the Board.

BOARD OF DIRECTORS' COMMENTS

There were no comments from the Board of Directors.

CLOSED SESSION

The Board went into closed session at 10:40 a.m., A. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION: (1) IEUA vs. Mr. Anthony Maglica, Case No. RCV098354; (2) Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010; (3) Taisei-T&K Joint Venture vs. IEUA. Case No. CIVRS 914130; (4) Martin vs. IEUA, Case No. CIVRS 1000767; (5) IEUA vs. Ontario Redevelopment Agency, Case No CIVRS1100454. B. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: Two (2) cases

The meeting resumed at 12:50 p.m. and General Counsel, Jean Cihigoyenette, stated that the below-mentioned matters were discussed in Closed Session, and the Board took the following actions:

Regarding Conference with Legal Counsel – Existing Litigation:

IEUA vs. Mr. Anthony Maglica, Case No. RCV098354

Taisei-T&K Joint Venture vs. IEUA, Case No. CIVRS 914130

Martin vs. IEUA, Case No. CIVRS 1000767

IEUA vs. Ontario Redevelopment Agency, Case No. CIVRS1100454

The Board took no reportable action.

Regarding Conference with Legal Counsel – Existing Litigation:

Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010

The Board did not discuss these items.

Regarding Conference with Legal Counsel – Anticipated Litigation:

Two (2) cases

The Board took no reportable action.

(Added by unanimous vote of the Board of Directors)

Regarding Conference with Legal Counsel – Existing Litigation:

Dezham vs. IEUA, Case No. CIVRS 1109761

The Board took no reportable action.

With no further business, President Catlin adjourned the meeting at 12:52 p.m.

Secretary

APPROVED: DECEMBER 7, 2011